BUDGET
1979-80

Speech of

Thiru K. Manoharan

Minister for Finance

3rd March 1979

Speech of Thiru K. Manoharan, Minister for Finance, Government of Tamil Nadu presenting the Budget for 1979–80 to the Legislative Assembly on 3rd March 1979.

Mr. Speaker Sir,

I rise to present before the House the Revised Estimates for 1978–79 and the Budget Estimates for 1979–80.

2. This Government is committed to the major objectives of increasing employment opportunities, particularly for the poor people in the rural areas and increasing and expanding the educational and medical facilities during the next year. The significant features of the plan for the coming year are assistance for industrial development, incentives for establishment of industries in the backward areas and strengthening of the handloom sector to produce quality goods. Special attention is being paid for the development of the agriculture and the allied sectors as well as for power development. Provisions for the welfare of the weaker sections and for children's welfare are worthy of special mention.

Agricultural Development

3. The Agriculture department will be implementing a number of schemes next year for increasing the production of foodgrains to 88·73 lakh tonnes and commercial crops to 36·45 lakh tonnes. To pay

special attention to the development of horticulture, a separate department will be established. Quality seeds are essential for increasing agricultural production. Tamil Nadu's contribution to the production of quality seeds for food and commercial crops has been substantial. A separate Seed Certification Agency for certifying the seeds produced in State Farms in Tamil Nadu and also in the farms of enlightened farmers is already functioning under the control of the Director of Agriculture. The Government have decided to create a seed certification department making it completely independent of the Agriculture Department. A provision of Rs. 5 lakhs has been made for setting up 15 Agmark Laboratories and 35 commercial grading centres.

Animal Husbandry

4. We have given special attention to Animal Husbandry and Dairy Development since they offer considerable scope for benefiting farmers and landless labourers. The schemes under implementation for upgrading the quality of cattle will be continued next year also. Sixteen more Key Village blocks and 2 more Intensive Cattle Development Projects will be set up in the coming year. Ten Veterinary Dispensaries will be opened and 5 Veterinary Dispensaries will be upgraded as hospitals. The performance of the Arasur hatchery opened last year is encouraging. As this programme has been well received by the farmers, it is proposed to set up another similar hatchery at Kappalur utilising the facilities available there. A modern abattoir at a cost of Rs. 2.25 crores will be

set up. I am happy to inform the members that it has been decided to set up a Meat Development Corporation with the objective of modernising the abattoirs and creating facilities for meat processing and marketing in the State.

Dairy Development

5. The achievements of Tamil Nadu under Operation Flood-I have been acclaimed all over the country. The Government of India have now proposed to implement Operation Flood-II from the coming year. It is expected that a sum of Rs. 40 crores will be spent in Tamil Nadu in the coming 5 years. This programme will cover another 9.5 lakhs cattle and will benefit 8 lakh farmers. Necessary provision for strengthening the co-operative wing for implementing the programme has been made in the Budget.

Forest Development

6. Realising the importance of forest development, Government have allocated a sum of Rs. 2,63 lakhs in 1979–80 which will enable us to raise plantations in 30,700 hectares. Plantations in 23,300 hectares at a cost of Rs. 2,39 lakhs will be raised this year. Necessary steps have already been initiated to set up a crumb rubber factory at a cost of Rs. 35 lakhs.

7. The Cinchona department has already started a scheme for geranium cultivation in 160 hectares and cinchona cultivation in 400 hectares in the Kodaikanal Hills. A scheme to produce diosgenin by cultivating dioscorea is also being implemented at a cost of

Rs. 80 lakhs. This will give employment to 400 people. It is expected that the scheme will result in considerable saving of foreign exchange. A total provision of Rs. 2,55 lakhs has been made for this department in 1979–80.

8. Madras Zoo will be shifted to Vandalur in view of the expansion of the Central Station. The proposed Zoo which will have the animals in natural surroundings will be a great tourist attraction. This will cost Rs. 1,05 lakhs in the first stage. This new Zoo will function under the control of the Forest Department.

Fisheries

9. A sum of Rs. 2.76 crores has been allocated for fisheries development in the Budget for 1979-80. It is proposed to distribute 160 mechanised boats in the current year. The Fisheries Development Corporation has taken steps for direct export of prawns. During the next year also, a sum of Rs. 1 crore will be spent on Fishermen housing.

Rural Development

10. One hundred and sixty-one Panchayat Unions will be benefited under the Integrated Rural Development Programme in the current year. Under this programme, substantial funds have been allocated for agricultural development, land improvement, cattle development, sheep and poultry development, sericulture and village industries which are fundamental for the development of our villages. These schemes are being implemented in a manner that the benefits

flow largely to the small farmers, landless labourers and weaker sections of our society. In addition to the assistance of Rs. 7·12 crores from the Government, substantial funds will be obtained from the Banks for implementing the various schemes under the Programme. A sum of Rs. 10 crores will be spent under this Programme in the coming year benefiting 30 more Panchayat Unions. This Programme will ensure that the benefits of Government's schemes reach the downtrodden directly. The Programme will also play a vital role in our efforts to eradicate unemployment in the rural areas.

11. During the next year the Government will implement a new scheme of short term training of the rural youth in various crafts. It is proposed to train 10,000 persons under this scheme and to supply hand tools to them.

12. In the Governor's address mention was made about the new Employment Guarantee Scheme for the rural areas. A large number of villagers have benefited through the Small Farmers Development Agency, Drought Prone Area Programme, and the Integrated Rural Development Programme. However, there are some educated and uneducated unemployed persons who did not get any job opportunities or benefits through these schemes and the new scheme is intended to help them. Under this Employment Guarantee Scheme, all unemployed villagers above 18 years of age may register their names requesting for employment. Works will be

taken up in order to ensure them job opportunities generally within the district. Such works will be executed under the direct supervision of the respective Government departments without being entrusted to contractors. Persons employed under this scheme will be paid weekly wages calculated on the outturn basis. Under this scheme every person would get approximately Rs. 3 per day plus some rice and wheat. On the days when the Government is unable to give him work every person will get one rupee per day or rice or wheat of equivalent value. A programme to train the officers for the implementation of this scheme is also being drawn up.

Irrigation

13. Marudha Nadhi Reservoir Scheme and P.T. Rajan Channel Scheme will be completed in this year. It is expected that on account of these two schemes and other on-going schemes, an additional extent of 3,000 hectares will be benefited. An outlay of Rs. 25·17 crores has been made in the Annual Plan 1979-80 for the Irrigation sector. Lump sum provisions of Rs. 1 crore each for new medium irrigation schemes and for flood control and anti-sea erosion schemes are the notable allocations in the Plan. To undertake desilting and reclamation of tanks and special minor irrigation projects, a provision of Rs. 2·75 crores has been made. Work will commence in the coming year on the Girudamal nadhi–Paralayar scheme in Ramanathapuram district for irrigating 12,500 acres through 100 tube wells at a cost of Rs. 1,83 lakhs.

Power

14. There has been a 17 per cent step up in the electricity distributed in the last one year on account of the special and continuous attention given by the Government to generation and distribution of electricity. Against 9,448 million units distributed last year, it is expected that 11,000 million units will be distributed in the current year. 25,305 Harijan hamlets have already been electrified as against a total of 25,526 habitations. The remaining habitations will also be electrified in one or two months. The current year's Plan envisages an outlay of Rs. 114 crores under power. The outlay for power in the coming year will be stepped up to Rs. 152 crores since necessary provisions have been made for Servalar Hydro-Electric Project, Lower Mettur Hydro-Electric Project and Tuticorin Thermal Station. As a result, it is expected that the installed capacity of Tamil Nadu Grid will be increased to 2929 MW. from 2509 MW. In order to provide an incentive to slum dwellers to obtain connections, it is proposed to implement a new scheme for supplying electricity to slum dwellers on payment of a flat rate per month without installing meters.

Industrial Development

15. The primary objective of the Government's Industrial Policy is to encourage the development of small scale and village industries and thereby create large employment opportunities in the rural areas. As a result of the sustained efforts taken in pursuance of the above objective, it is estimated that an additional employment of the order of 1,30,000

has been created in one year in activities such as sericulture, match industry, co-operative tea factories and small industries. The newly set up District Industries Centres have played a major role in this effort. These Centres are offering a package of services such as formulation of new projects in the small scale sector, organising market studies, technical advice for entrepreneurs and securing financial assistance from the Banks. These centres are at present functioning in eight districts. These will be extended throughout the State in a few months. A sum of Rs. 1,53 lakhs has been provided for this during the next year. Dr. Nayudamma Committee has given its report a few days back with many recommendations for setting up small industries in the rural areas utilising the raw materials available there and for modernising the crafts of rural artisans. These recommendations which indicate the possibilities of setting up more than 300 trades employing lakhs of people will be examined by Government and implemented quickly. The Small Industries Development Corporation and the Khadi and Village Industries Board will play a major role in implementing the decisions of the Government on these recommendations. This Committee will continue to assist the Government in monitoring the implementation of its recommendations.

16. In the current year 4,000 acres will be covered under Mulberry cultivation. Another 8,000 acres will be brought under Mulberry cultivation in 1979-80. A sum of Rs. 1·23 crores has been provided in the

next year for training farmers in sericulture, supply of implements for silk reeling and creating facilities for marketing cocoons and silk yarn. Additional employment for 20,000 persons will be created in the current year and 40,000 persons will get additional employment in the coming year as a result of this scheme. A separate Directorate of Sericulture has also been set up in view of the growing importance of this industry.

17. Three more match service societies will be set up in the coming year; 20 match co-operative societies will also be set up. It is also proposed to increase the number of members in the existing service co-operative societies. The Tamil Nadu Small Industries Corporation has given special attention to the distribution of the basic raw materials such as wax, Potassium Chlorate, etc., required for match industry. It is estimated that this industry will create additional employment for 30,000 persons in the coming year.

18. The Co-operative Tea Factories in Tamil Nadu are functioning as a model for others in the country. There are 11 Tea Factories with a membership of 5,500 small farmers. They produced 53 lakh kilos of tea in 1977–78 which forms 10 per cent of the total tea production in our State. The Government has permitted the expansion of 6 factories in the current year. Another factory will be set up in the coming year. These steps will enable tea cultivation in 3,500 acres additionally giving employment for 10,000 persons.

19. The Government has been giving its continued and special attention to the development of Village Industries and Khadi. The sale of Khadi is expected to reach Rs. 6·25 crores in the current year as against only Rs. 4 crores in 1976-77. It is also anticipated that the sale of village industries products by the Khadi Board will reach Rs. 27·3 crores in the current year. It is estimated that the sale of Khadi will be of the order of Rs. 6·5 crores and the village industries products Rs. 32 crores in the coming year.

20. We have so far completed 310 sheds for the tiny sector against a programme of 900 sheds in the current year. The remaining 590 sheds will also be completed before the end of the year. The offer of the Banks to finance outright purchase of the sheds by the prospective entrepreneurs is a great boon for this scheme. Encouraged by this support from the Banks, 2,000 tiny sheds in 200 places at a cost of Rs. 1·5 crores will be put by SIDCO in the next year. The Central Subsidy Scheme is at present being implemented in 33 taluks. The State Government has decided to give a subsidy not exceeding 15 per cent for small industries in many more backward taluks from its funds. While the State Government gives encouragement for new small industries, it is also their policy to take measures to prevent sickness in small industries and to facilitate the revival of sick industries, based on a careful assessment of the causes underlying the sickness. On this basis, a new scheme for reviving sick small industries has been formulated. At present, a Committee comprising

representatives from Commercial Banks, Small Scale Service Institute, Directorate of Industries under the Chairmanship of the Industries Secretary is already functioning for reviewing the steps to be taken for reviving sick industries. The Committee observed that small entrepreneurs find it difficult to increase their capital when there is some expansion in their industry. A new scheme for giving margin money assistance for reviving these small industries with the assistance of the Commercial Banks has been drawn up by the Government. SIDCO has proposed to initially disburse Rs. 25 lakhs on this in the coming year.

21. The Ariyalur Cement Plant being established by the State Government at a cost of Rs. 29 crores will start functioning from May 1979. The State Government has given necessary support and encouragement for Ashok Leyland and Simpsons to enable them to increase their production of chassis by 5,000 and 12,000 respectively.

Handlooms

22. With a view to increase the production and at the same time, to avoid the stagnation of handloom stocks, new fabrics with new colours and designs were produced during this year. Polyester fabrics, cambric varieties, printed voiles and printed silks were newly produced. In order to produce fabrics with attractive colours, 2 modern dye houses and one design centre are functioning. During the coming year, 5 more modern dye houses and 2 more design centres will be started. The expansion work of the

Erode Co-operative Processing Factory at a cost of Rs. 22·50 lakhs is being implemented. Further, steps are being taken to organise a separate section for processing polyester varieties at a cost of Rs. 31 lakhs with financial assistance from the Government of India. As a result of these plans, the production of the primary societies will rise from Rs. 35 crores in 1976–77 to Rs. 45 crores in 1978-79 ; similarly, the sales of Co-optex will rise from Rs. 18 crores in 1976-77 to Rs. 30 crores in 1978-79.

23. The expansion of spindlage in the 12 co-operative spinning mills in the State at a cost of Rs. 12 crores has been completed ; as a result, the total number of spindles has increased from 2 lakhs to 2·94 lakhs. These mills which incurred a loss of Rs. 1,14 lakhs in 1977 have registered a profit of Rs. 2,00 lakhs in 1978.

24. The production, productivity, and employment have increased in the two spinning mills directly under the Tamil Nadu Textile Corporation and the private sector spinning mills for which the Government has issued guarantees. Government has returned one mill to the previous management after withdrawing the Government guarantee. During the coming year, Rs. 8,66 lakhs has been provided for this sector.

Transport

25. In order to provide better services to passengers the Transport Corporations set up by the Government have adopted a policy of replacing buses after 7 to

8 years thereby increasing the number of new buses. Following this policy, it is proposed to purchase 950 new buses as replacements at a cost of Rs. 15·2 crores in 1979-80. It is also proposed to purchase 520 mini-buses and buses at a cost of Rs. 8·32 crores in 1979-80 in order to augment services on existing routes and to cover unserved areas. All Corporations, except one are making profits. It is proposed to use a portion of the profits of these Corporations for improving roads. Government is concerned about the need for properly maintaining roads and provided Rs. 12·12 crores for this purpose in the Revised Estimates. In the coming year a provision of Rs. 19·07 crores has been made. Provision has also been made to spend Rs. 10·14 crores on construction of roads under the capital account.

Education

26. The Budget for the next year provides for the appointment of 1,000 additional teachers and 200 additional physical training instructors. Provision has also been made for science equipment for 200 middle schools. To enable the teachers to concentrate on their teaching jobs and to implement the mid-day meals scheme in a better manner, two central kitchens on modern lines will be set up during the next year with CARE assistance in Ramanathapuram and Dharmapuri districts. The Government has decided to conduct a common examination at the VIII Standard level in order to benefit persons who have dropped out of the school due to indigent

circumstances ; any person who has completed 14 years of age can directly write this examination. Likewise, compartmentalisation is also being introduced in the S.S.L.C. examination.

27. The plus-2 stage introduced during this year is being implemented satisfactorily. As against 78,000 students studying in the Pre-University classes, 1,14,000 students have been admitted in the XI Standard during this year; similarly, opportunities for higher education so far available in 187 colleges have been expanded to cover 912 higher secondary schools. A plan for providing laboratories in all the Government higher secondary schools is being implemented from this year and all such schools will have laboratories during the next year at a total cost of Rs. 6 crores. Further, Government has drawn up another scheme for construction of laboratories in the private aided schools and also for increasing the accommodation in such schools. Under this scheme, Government will give a matching contribution of 40 per cent subject to a maximum of Rs. one lakh to private aided schools for putting up laboratories, expansion of school accommodation, purchase of equipment, etc., at a cost of Rs. 2·50 lakhs per school. The Budget for the next year provides Rs. 1·75 crores for this purpose. Further, a matching grant by the Government will be available for purchase of library books worth Rs. 6,000 for each such school. Provision has been made to the tune of Rs. 37 lakhs in the Budget for the purchase of books for all the Government and aided schools. Provision has also been made for

appointment of 1,740 higher secondary teachers during the next year for the new courses. I want to particularly mention the success of the Government's efforts in providing vocational education under the scheme. 24,400 students in 1,153 sections in 709 schools have taken to vocational education. All of us can be proud of the fact that Tamil Nadu is the leading light for the whole country in this field.

28. At this juncture, I want to reiterate the Government's assurance that the college teachers will not lose their job opportunities consequent on the abolition of Pre-University classes during the next year. A provision of Rs. 8 lakhs has been made in the Budget for starting new degree courses and post-graduate courses and for the conduct of evening classes. Provision has also been made to enable the college teachers to undertake higher studies. At present law colleges are functioning at Madras, Annamalainagar and Madurai. With a view to extend facilities for legal education it is proposed to establish law colleges in Coimbatore and Tiruchirappalli areas during the next year.

29. During the next year, a new polytechnic will be set up in Dharmapuri district. New courses of education to be introduced next year include ship-building and plastic technology at Madras, and electronics at Tiruchirappalli and Coimbatore.

Tamil Development

30. Efforts are continued to be taken for the development of Tamil Art and Culture.The Sculpture School at Mamallapuram will be expanded to have

a production wing also with new facilities. Provision has been made for the improvement of the Madras Museum. The Government has decided to set up a Museum at each district headquarters. During this year, a Museum at Salem has been set up. The Government will give all assistance possible for bringing out the second edition of the Tamil Encyclopaedia.

Health

31. During my last Budget Speech I mentioned that "the poorest person living in the most backward rural area of the State should have as much access to modern medical facilities as the urban dweller or a person who belongs to the upper classes of society. This is our ideal." Under the new scheme of this Government to expand the medical facilities in rural areas, mobile clinics will be set up at a cost of Rs. 62 lakhs in 100 primary health centres during the coming year. With this, 224 primary health centres in the State will have mobile clinics. The State Government is repeatedly requesting the Central Government to give assistance under its special scheme to the efforts of this Government to expand the medical facilities in rural areas. I have no doubt that the Honourable Members will welcome another new scheme to be introduced by this Government for the benefit of the rural areas. We propose to establish accident emergency service at a cost of Rs. 45 lakhs in 50 hospitals which will render immediate medical relief during accidents in rural areas. These hospitals will have vehicles provided with necessary medicines and equipment. The primary

health centres will provide first aid and the hospitals will be available for in-patient treatment. We have proposed to spend Rs. 43·75 lakhs during the coming year for construction of buildings for the primary health centres and houses for the doctors. An additional provision of Rs. 13 lakhs has been made for the next year for supply of medicines to the various sub-centres. Honourable Members are aware of the scheme to help 50 mini-centres to be established during the year by private service organisations. I am happy to announce that as against this target of 50 centres, 66 centres have been set up during this year and that a total of 120 centres have been set up during these two years. During the coming year, the Government will continue to give its support to this scheme and will enable 60 more centres to be set up.

32. Facilities for training nurses were expanded during this year so that 300 seats are available now. During the next year this will be increased to 550 seats. For this purpose, new nurses training centres will be set up at Salem and Tiruchirappalli. Twenty-eight special branches in ten headquarters hospitals and 14 other hospitals will be set up during the next year for specialities like ophthology, E.N.T., blood bank, medical records branch, etc. ; Rs. 53 lakhs will be spent during the next year for the construction of buildings in 2 district headquarters hospitals and 17 other hospitals.

33. The Government will take all efforts for upgrading the Madras Medical College as a post-graduate research institution. All branches of this College will be upgraded and headed by capable doctors selected at the State level. On this basis, provision has been made in the next year's Budget for purchasing special equipment in branches like Neurology. Rs. 32·87 lakhs have been provided for improvements to medical colleges. As a result of the new schemes in the Budget, 326 doctors, 489 nurses, 690 para-medical staff and 405 other staff will be appointed in the next year.

34. To encourage the Indian System of Medicine, Government has decided to expand the two existing herbal farms and to set up five more such farms. 20 Siddha village dispensaries and 15 Siddha sections in hospitals will be started during the next year. A total provision of Rs. 1,26 lakhs has been made in the next year under Indian Medicine.

Water Supply and Sewerage

35. The Tamil Nadu Water-Supply and Drainage Board has provided water-supply to 2,317 category I and category II habitations at a cost of Rs. 12 crores in the current year. About 10 lakhs of people have benefited by this programme. A programme at a cost of Rs. 25 crores for supplying drinking water to 5,420 habitations in categories I and II not yet provided with potable water will be completed in next year. Work will also be commenced for providing water-supply to category III habitations

from the next year. The TWAD Board has also organised mobile teams consisting of 230 mechanics to undertake maintenance of 17,000 hand pumps throughout the State. This Board is also maintaining 2,730 power pump-sets in the State.

36. In the current year, 39 Municipal Water-Supply Schemes, 68 Town Panchayat Water-Supply Schemes and six Municipal Sewerage Schemes are being executed. In addition it is programmed to take up four Municipal and 41 Town Panchayat Water-Supply Schemes in the next year. Eighteen urban Water-Supply Schemes have been completed in the current year. It is anticipated that in the coming year 24 water-supply schemes and 8 sewerage schemes will be completed. It is programmed to spend Rs. 7 crores each both in the current year and in the coming year on urban water-supply and sewerage schemes.

37. It is estimated that an expenditure of Rs. 3·46 crores in the current year and Rs. 4·87 crores in the next year will be incurred on the Siruvani Water-Supply Scheme which has been undertaken at a cost of Rs. 16·16 crores. This scheme will also be completed next year.

Children's Welfare

38. The year 1979 is being celebrated as the International Year of the Child. A provision of Rs. 6 lakhs has been made for setting up a Children's Museum. During the next year, 250 new Balwadis will

be opened. Further, buildings will be constructed for 400 existing Balwadis. The Government has also decided to set up a home for mentally retarded children. During the next year, 700 hearing aids and 1,000 calipers will be supplied to the handicapped children from poor families. Government has also decided to allow handicapped children to travel free of cost in the buses belonging to the Government Transport Corporations.

Social Welfare

39. Thousand tri-cycles will be supplied during the next year to handicapped persons. 1,000 bunk stalls will also be provided for such people to get self-employed. Sewing machines for 1,000 destitute widows will be supplied free during the next year.

Welfare of Scheduled Castes and Backward Classes

40. Six mobile units were functioning for dealing with untouchability offences last year. Seven more units were added in the current year and as a result all the districts except Madras and Nilgiris have a mobile unit. A provision of Rs. 2·20 crores for Harijan Housing has been made in the Budget for the next year also. It is proposed to open one tribal residential school in Periappakkam in the Pachaimalai Hills in Salem district. Dormitories will be built in two schools in the Nilgiris district. Fifteen more hostels will be opened in the coming year. During the next year a sum of Rs. 18·30 crores will be spent on the welfare of Scheduled Castes and Tribes. Similarly for the welfare of backward classes a sum of Rs. 7.07 crores will be spent.

Labour Welfare

41. The Government is continuing to give special attention to preserve industrial peace and to promote welfare of the working classes. A new scheme for medical examination of the labourers in certain specified industries is being launched. Schemes for giving educational facilities to the children of labourers utilizing the Labour Welfare Fund are being examined. The Overseas Man Power Corporation, set up recently, is undertaking collection of data regarding the employment opportunities available abroad and the details regarding the qualifications and experience of persons desirous of taking up jobs in foreign countries.

Housing

42. Government will continue to place emphasis on promoting housing activity in rural areas in the coming year. A new programme of construction of 1 lakh houses through village housing co-operatives has been announced in the Governor's address. The State Co-operative Housing Society has programmed to disburse Rs. 4 crores as loans for housing in rural areas. Keeping the welfare of Government servants in mind, the Government has planned to spend Rs. 2,00 lakhs in the current year for building more houses for them. It is proposed to accelerate this programme by providing an additional amount of Rs. 50 lakhs in the coming year. A provision of Rs. 1,82·50 lakhs has been made for house building advances to Government servants in the coming year.

Madras Metropolitan Development

43. Government is implementing the Madras Urban Development Project with the assistance of the World Bank. Under this project, sites and services schemes for increasing the availability of house-sites in the metropolitan area, improvements to sewerage and water-supply systems, improvements to road and transport services, nutrition programmes, development of small industries are being undertaken. A provision of Rs. 14·05 crores has been made in the Budget for this project. The sites and services schemes are being undertaken at Arumbakkam, Villivakkam and Kodungaiyur which are close to the City. The Arumbakkam Scheme has been completed and the settlers would start moving in to this area from April 1979 onwards. The bus transport services have been improved under this project by enabling the Pallavan Transport Corporation to put 285 new buses on road in the City. Improvements to the City water-supply and sewerage systems form an important component of the Madras Urban Development Project. The Madras Metropolitan Water Supply and Sewerage Board has been set up in the current year in order to properly maintain and improve the water-supply and sewerage systems in the City. This Board has programmed to spend about Rs. 20 crores in the next 2 years on improvements to water supply and sewer systems in the City. In the coming year this Board will be executing works to the tune of Rs. 8·12 crores.

Courts

44. The Budget provides for establishment of 11 new Criminal Courts in the coming year. With this, the first set of the recommendations of the Committee headed by Justice Thiru Varadarajan regarding the establishment of new Criminal Courts would be fully implemented.

Revenue Administration

45. The Village Officers, Revenue Inspectors and other Revenue Officials play a major role in maintaining the Government's contact with the public. In order to enable the revenue officials to perform their duties better, the Government has already decided to reorganise the revenue firkas which were created several years ago. Further, Government has already started a programme for building residential quarters for revenue officials in their places of work. Government has ordered the construction of houses under this programme in 500 places through the Tamil Nadu Housing Board. Work has commenced in 200 places. It is proposed to create 14 new taluks in the coming year by upgrading the existin g sub-taluks. A provision of Rs. 11·3 lakhs has been made for this purpose. Government has set apart Rs. 13 lakhs for constructing buildings for taluk offices and Revenue Divisional Offices.

46. During the recent monsoon the two new cyclone shelters proved extremely useful in providing shelter to the people on the sea coast affected by the cyclone and floods. Several foreigners and others

have appreciated our efforts and come forward to assist us in this programme. Efforts are being taken to construct 23 more such shelters at a cost of Rs. 46 lakhs with the help of the Red Cross. Deducting the contribution to be received from the Red Cross, the balance cost will be met from the Chief Minister's Public Relief Fund.

47. Due to the suspension of resettlement operations for a number of years, land records in ryotwari villages have become out of date and do not reflect the position on ground. Government has decided to change this situation by undertaking a programme of up-dating land records in the coming year. This programme is to be undertaken at a cost of Rs. 1.48 crores throughout the State except in the Nilgiris and Kanniyakumari districts and a few other areas where resurvey has already been undertaken. The programme will cover the resurvey of 30,000 square miles, preparation of new survey maps and up-dating of village records, so that all the records reflect the present position on ground. This programme, apart from enabling the farmers to obtain credit easily from commercial institutions based on the correct land records will also enable them to know their actual holdings. This programme will also demarcate clearly Government's own land and enable removal of unauthorised encroachments from these lands.

Police

48. Action is being taken on several fronts in implementing properly the Government's prohibition policy. A new prohibition laboratory will be set up at

Salem. The existing laboratories will also be expanded. Orders have been issued sanctioning the provision of a telephone in such of those police stations where the facility does not exist now to enable the general public to contact the police easily and also to enable quick communication. The Police Housing Scheme will be accelerated and an expenditure of Rs. 1·5 crores will be incurred for this purpose in the coming year. In the coming year a total provision of Rs. 1·37 crores has been made for strengthening the police force, establishing new police stations, establishing women police branches at several places, strengthening the finger print bureaux and appointing additional ministerial staff. The Police department will be reorganised and streamlined so as to effectively discharge the responsibilities of implementation of the prohibition policy, maintenance of law and order and detection of crimes.

49. As part of the programme to provide basic services in rural areas, it is proposed to establish Fire Stations in 20 small towns in the coming year. I would like to point out that in no year so many new Fire Stations have been announced. Further, it is proposed to implement a scheme in the coming year to train rural people in fire fighting.

50. Schemes have been drawn up to provide water-supply, sewerage, and electricity in jails in the current year and in the next year at a total cost of Rs. 57 lakhs. On completion of these schemes, every jail in Tamil Nadu will have these basic facilities. Further, a sum of Rs. 23·5 lakhs will be spent for modernising

the jail manufacturing centres and for sinking bore-wells. A school in the Southern Zone for imparting training in Jail Administration is being established at Vellore.

Benefits to Government Employees

51. On the recommendations of the Third Pay Commission, the Government have revised employees' pay and allowances such as House Rent Allowance, City Compensatory Allowance, Travelling Allowance, Hill Allowance and Winter Allowance, with effect from the 1st April 1978. Benefits arising out of the Pay Commission's recommendations have actually been further liberalised by the Government. The minimum benefit accruing from the pay revision has been increased from Rs. 15 as recommended by the Commission to Rs. 20. Smooth avenues of advancement to higher posts and Selection Grades on completion of ten year's service have been opened up for the employees belonging to a large number of categories at the middle and lower levels. But the Pay Commission had not extended this arrangement to the last grade Government servants. However, the Government has looked into their position with compassion and established Selection Grades for them also. The decisions taken by the Government on the recommendations of the Pay Commission will result in an immediate annual expenditure of the order of Rs. 37 crores which will eventually go up to Rs. 67 crores. The Government has taken a number of further decisions for the benefit of employees.

52. In order to ensure an equitable flow of the benefits of the facility of advance for the purchase and construction of a house, the allocation for house advance will hereafter be distributed among the districts and the power to sanction this advance will be conferred on the Collectors also. The Government has accepted the recommendations of the Third Pay Commission, aimed at encouraging the Government employees to build or buy houses in areas outside the major cities. Accordingly, a rebate of one per cent on the interest on house advance will be given if the house is constructed or bought in places to which the City Compensatory Allowance does not extend. The Government accepts the Pay Commission's recommendation for the provision of education advance to the Government employees whose children are studying in Colleges or Polytechnics. Such employees will be eligible for education advance at the rate of one month's basic pay. This advance will be interest free. The advance will be limited to Rs. 1,000 for the employees whose children are in Colleges and to Rs. 500 for those whose children are in Polytechnics. The advance, which will be recovered in ten monthly instalments, will be available every year during the period of study of the children in the institutions mentioned above.

53. The quantum of advance for the purchase of bicycle will be increased from Rs. 300 to Rs. 400. The facility will be available to the employees drawing pay not exceeding Rs. 750 per month. The advance may be used for buying new bicycles only.

The ceiling on the advance for the purchase of a new scooter is being increased from Rs. 4,500 to Rs. 5,000. All the employees drawing pay not below Rs. 750 per month will be eligible for this advance. The quantum of festival advance is being increased from Rs. 250 to Rs. 300. Consequent on the revision of pay scales, the eligibility for this advance, which was confined to those drawing pay below Rs. 750 per month, has already been extended to those with pay not exceeding Rs. 1,000 per month.

54. The Government has already issued orders increasing the pension of those who retired from service before the pay revision. The benefits arising out of this increase in pension would be available from the 1st October 1978. Acceding to the request of pensioners the Government proposes to give effect to the increase in pension with effect from the 1st April 1978 itself.

Other Pensions

55. From the coming year onwards, each old age pensioner will get a handloom dhoti or sari on the occasion of Pongal and Independence Day. Further the monthly pension itself will be raised from Rs. 20 to Rs. 25. Government have decided to extend the pension scheme to all destitute blind persons irrespective of their age. I am sure the Members of the House will welcome this decision.

56. Many freedom fighters including the Members of the Indian National Army are now getting a pension of Rs. 200 per month from the Central Government

and Rs. 75 per month from the State Government. Certain pensioners in these categories are getting only Rs. 75 per month as the State pension. For such pensioners the Government proposes to increase the monthly pension from Rs. 75 to Rs. 100 from the next year onwards. Further the members of the Balasena of the Indian National Army whose pension was stopped in 1973 will also get pensions from the next year onwards. A draft bill will be introduced before the Legislature to grant pension to those who made great sacrifices for the cause of the Tamil language and for the merger of the Tamil speaking areas with the State.

Recommendations of the Seventh Finance Commission

57. The Seventh Finance Commission has recently announced its award. As a result of the Central Government's decisions on this, it can be expected that most of the States may show some revenue surplus in future. Therefore, the State Government will have to formulate its financial policy taking into account its requirements for Capital investments and loan operations.

58. The Finance Commission did not fully admit the expenditure to be incurred by the State Government for increased pay and allowances to its staff on the basis of the recommendations of the Pay Commission. It is regrettable that the Finance Commission has taken into account only a figure of Rs. 252 crores as against the anticipated expenditure of Rs. 399 crores to be incurred by the Government of Tamil Nadu during a five-year period.

59. The Finance Commission has enumerated various items regarding Centre-State financial relations on which the Central Government has to take action, e.g.;

* Amendment of the Constitution to enable apportionment of Corporation tax amongst the States ;

* making suitable changes in the additional excise duty on Sugar, Tobacco, and Textiles levied instead of State Sales Taxes;

* increasing the compensation due to the States in lieu of the taxes on Railway passenger fares levied by them;

* merging the surcharge element (levied continuously) with the Income Tax so that it can also be apportioned among the States;

I request the Central Government to take speedy steps for arriving at favourable decisions on such important recommendations.

Five-Year Plan

60. The Five-Year Plan was originally formulated on the basis of States' Plan of Rs. 35,160 crores and a Central Plan of Rs. 34,220 crores. Thus, for the first time the outlay on States' Plan will be more than the Centre's Plan outlay. We welcome the realisation of the Central Government and the Union Planning Commission about the major share of the State Governments in the

country's development. Now, as a result of the transfer of Rs. 2,000 crores from the Centrally sponsored Sector to the State Plan Sector, the State's outlay during the five-year period will be Rs. 37,160 crores as against the Central Government's share of Rs. 32,220 crores. We fervently hope that this trend will continue and that the State Governments get increasing shares in future.

Annual Plan

61. Discussions were held with the Union Planning Commission on the basis of a Plan Outlay of Rs. 363 crores for the coming year. Working Groups constituted by the Union Planning Commission examined our draft Annual Plan and recommended a Plan Outlay of Rs. 342 crores. A final agreement with the Union Planning Commission on the size of the Plan could not be reached. We have been requesting the Union Planning Commission for special assistance for Tamil Nadu to implement a minimum necessary Plan bearing in mind the heavy loss sustained by the State on account of Prohibition. In the recent meeting of the National Development Council it was decided that the outlay on Centrally Sponsored Schemes would be reduced by Rs. 2,000 crores and made available to the States for their Plan from 1979–80 to 1982–83. Tamil Nadu's share in this transfer is estimated to be Rs. 150 crores. Taking into account this additional transfer of resources and based on our claim for special assistance we have prepared the Annual Plan 1979–80 with an outlay of Rs. 342.87 crores.

Financial Position

62. The Budget Estimates for 1978–79 envisaged revenue receipts of Rs. 680.08 crores and a revenue expenditure of Rs. 726.76 crores with a revenue deficit of Rs. 46.68 crores. In the Revised Estimates the revenue receipts are estimated at Rs. 733.49 crores, the revenue expenditure at Rs. 765.37 crores and a revenue deficit of Rs. 31.88 crores. As against the budgetted capital expenditure of Rs. 63.45 crores the Revised Estimates indicate an expenditure of Rs. 67.62 crores. The overall effect of the transactions in the Revenue, Capital, Loan and Public Accounts was estimated to result in a deficit of Rs. 14.34 crores in Budget Estimates, 1978-79. In the Revised Estimates it is anticipated that the overall effect on all Accounts would result in a net deficit of Rs. 32 lakhs leaving a negative closing cash balance of Rs. 5.73 crores.

63. The Annual Plan Outlay for 1978–79 was fixed at Rs. 305 crores. According to the Revised Estimates, the Plan Outlay in the current year will be Rs. 323·42 crores. This does not include the outlay of Rs. 17·60 crores on cyclone/flood relief schemes being incurred with advance Plan Assistance. This is the last year of the Fifth Five-Year Plan. As 1978-79 is also the first year of the new Five-Year Plan following the decision of the National Development Council, a large portion of the outlay in the current year will be treated as Non-Plan committed expenditure from 1979-80 onwards. For example, the expenditure on salaries of teachers

appointed in 1978-79 will be part of the Plan Outlay in 1978-79 and will become Non-Plan committed expenditure from 1979-80 onwards. Accordingly, it is estimated that the committed expenditure in the coming year will be about Rs. 30 crores. While examining the Plan outlays for various sectors as included in the Annual Plan for 1979-80, it is necessary to keep in mind the level of committed expenditure also. As mentioned earlier, in the coming year thanks to the recommendations of the Seventh Finance Commission, revenue receipts have increased and are estimated to be Rs. 849·83 crores. The expenditure on the revenue account has been estimated at Rs. 849·25 crores leaving a net surplus of Rs. 58 lakhs. The capital expenditure in 1979-80 will be Rs. 72·25 crores. As we propose to implement a large Plan of Rs. 342·87 crores, the overall effect of the transactions on all accounts will result in a net deficit of Rs. 4·25 crores leaving a closing negative cash balance of Rs. 9·98 crores at the end of 1979-80.

64. The Government has decided to take steps to meet this deficit, at least partially. At present a 5 per cent surcharge on sales tax is being levied in the Madras City and a belt area of 32 kms around the city, and the towns of Coimbatore, Madurai, Tiruchirappalli and Salem. This surcharge will be extended to cover all the special grade, selection grade, and first grade municipalities and also a 16 km belt around each of the towns of Coimbatore, Madurai, Tiruchirappalli and Salem. This will take effect from 1st April 1979.

65. At present there is no sales tax on coconuts but a 2 per cent single point sales tax is levied on copra which is used for oil extraction. Since there is substantial evasion of this tax on copra on account of the present exemption for coconuts, the Government has decided to levy a single point sales tax of 2 per cent on coconuts also. In order to give relief to the small traders, this levy will not be applicable to those whose annual turnover of coconuts does not exceed Rs. 25,000. This will come into effect from 4th March 1979.

66. In India, Tamil Nadu occupies a pre-eminent position in the manufacture of safety matches. A substantial portion of the requirements of other States is also met by our State. The Government is giving all encouragement to this industry and is also assisting the same in getting an uninterrupted supply of raw materials. In order to enable the levy of tax on matches sold outside the State, it has now been decided to levy a single point sales tax of 2 per cent on handmade matches. This tax will also come into force from 4th March 1979. To assist the small manufacturers, exemption will be given to the manufacturers whose annual turnover does not exceed Rs. 25,000. Due to these tax efforts it is expected that an additional revenue of Rs. 2 crores will be available.

67. The Kaiwar Committee on sales tax has submitted its recommendations on various aspects of sales tax administration. Many of them have already been implemented. On the basis of this Committee's recommendations, the Government has

decided to amend the Sales Tax Law to encourage industrial growth. At present, tax concession is available only on visible and mechanically identifiable component parts used in the manufacture of a product. The Government now proposes to enlarge this, to cover raw materials and components used in manufacture, by drawing up schemes for specified industries indicating the raw materials and the components eligible for concessions and also taking into account the Central Sales Tax rates. Thus it will be possible for the Government to evolve and implement programmes to help certain industries which deserve tax concessions.

68. Another recommendation of the Kaiwar Committee is regarding compounding of tax due. As per the present pattern, tax is not due from dealers on sales turnover of goods liable for multipoint levy up to Rs. 50,000 per annum ; and compounding is allowed for a sales turnover between Rs. 50,000 and Rs. 1,00,000 per annum. To encourage compounding by this category of dealers, the present 10 slabs will be reduced to 5 from the coming year. The rates for compounding will also be reduced. I hope that the business community will welcome these concessions.

69. With the additional resource mobilisation measures mentioned above, and with the benefit of the legislation on Agricultural Income-tax and Motor Vehicle Tax pending before the Legislature, the gap in resources for the year 1979–80, will get reduced. The Government will continue its efforts to ensure

all round economy in administration. On this basis we have programmed to implement the Annual Plan of Rs. 3,43 crores in the coming year.

Mr. Speaker Sir,

70. This is the third Budget I place before this House after the All India Anna Dravida Munnetra Kazhagam took the reins of administration of the State.

The Budgets presented by me recognise the inevitability of revolutionary transformation of all facets of the present social structure and the inescapability of swift and speedy action to accomplish it.

The toiling masses at the lowest rungs of the economic ladder have faced frustration in an era of rising expectations. No one can be deceived by anyone to fancy that these persons will continue to bear this dispensation supinely.

I believe that this Budget reflects the honest and sincere thinking and outlook of this Government engaged in the relentless march towards the sole objective of rapid progress of the Tamil polity—a society charged by an unflinching determination to work hard and increase production, a firm resolve to make Tamil Nadu pulsate with new life and a sense of duty to face and overcome the challenges of time.

Primitive and fossilized ideologies and sterile and stale plans of action will not save this country.

Contours of the schemes can be delineated and their contents felt only through pragmatic appreciation of their dimensions and not by casting a cursory glance at them from the dizzy heights of an ivory tower. This Budget, placed before the Honourable Members for their scrutiny, constructive comments and valuable advice is but a reflection of this thought. It is the translation, into concrete and specific courses of action, of the policies spelt out in our party's election manifesto.

71. I thank Thiru K. Venkatesan, the Finance Secretary and his colleagues for helping me to prepare this Budget.

72. I request that this House may approve the Annual Financial Statement for the year 1979–80.

MADRAS,
3rd March 1979.

K. MANOHARAN,
Minister for Finance.